

VZCZCXYZ0014
RR RUEHWEB

DE RUEHMU #2335 2891746
ZNR UUUUU ZZH
R 161746Z OCT 07
FM AMEMBASSY MANAGUA
TO RUEHC/SECSTATE WASHDC 1515
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE
RUEHSUN/USUN ROME IT 0001

UNCLAS MANAGUA 002335

SIPDIS

SENSITIVE
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STATE FOR WHA/CEN, IO/EDA - SKOTOK
STATE PASS TO USAID FOR DCHA/FFP - A/JDWORKEN
USUN ROME FOR WFP AFFARIS DIRECTOR RNEWBERG

E.O. 12958: N/A

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SUBJECT: NICARAGUA: POST REVIEW OF WFP DRAFT COUNTRY PROGRAM

REF: A) STATE 141212, B) STATE 139032, C) MANAGUA 1783 (NOTAL)

11. (SBU) This cable responds to reftel A and B request for input from the field regarding the World Food Program's (WFP) Draft Country Program being considered by the WFP Board in Rome. WFP's Nicaragua Draft Country Program for 2008-2012 is good, targeting areas of greatest food insecurity in the country and high-risk populations, especially women and girls. Post notes, however, that there may be a few areas that warrant greater attention.

-- The proposed geographic coverage appropriately targets the five most vulnerable regions in Nicaragua as identified in the 2004 national government study on height of schoolchildren. It is not clear, however, which municipalities would be included among the 29 (p. 11) that WFP proposes. Related to this, WFP proposes to complement the Nicaraguan Government's poverty reduction program "Hambre Cero" (Reftel C). Would WFP take on the poorest beneficiaries, i.e., those that do not meet the Hambre Cero requirement of land ownership (1.5 manzana minimum -approx. 1.7 acres)? Post has political and technical concerns about Hambre Cero, which is poorly designed and unlikely to be successful.

-- There is a discrepancy between the dollar amount of the proposed five-year program and the amount that is specified elsewhere in the document for this program. The text requests \$18.58 million, while the draft decision proposes 21,045 metric tons (MT) for a cost of \$16.4 million.

-- The third component is unclear. As written, the proposed activities do not support the objective. Performance indicators listed in Annex II are too general. It is not clear that the component strives for sustainability. What exactly are the "alternative livelihoods" that WFP will provide to counter environmental degradation?

-- Although the proposal mentions monitoring food vulnerability and implementing a food emergency alert system, there is no discussion of creating a reserve or undertaking a contingency plan for quick reallocation in the event of a natural disaster. As hurricanes, earthquakes, and volcanic eruptions are always a possibility here, it might be prudent to be prepared. With Hurricane Felix, USAID's development assistance partners were able to immediately reallocate 10% of in-country stocks, a response that will not be possible when the current PL-480 program ends in 2008.

12. (SBU) In 2007, USDA/FAS officers conducted a monitoring visit of WFP administered programs funded by FY 05 and FY 06 Food For Peace (FFP) resources. Issues identified should be revisited before approval of the Draft Country Program.

-- WFP needs a stronger inventory control system to track food supplies and distribution.

-- WFP borrowed 600 MT of rice from the FFP program for use in other WFP programs not listed in the donation agreement without consulting USDA. Half went to a school feeding and lactating mother program, and half to victims of Hurricane Felix. Of the 600 MT total, 400 MT have been paid back with local purchases. WFP also lent FFP vegetable oil to another program, but has been unable to specify the amount which must be repaid.

-- During an evaluation of a WFP program with a women's cashew cooperative, USDA monitors concluded that WFP did not conduct proper outreach with beneficiaries and did not inform beneficiaries that WFP's program was made possible by USG food donations.

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